

**EIGHTY-FIFTH GENERAL ASSEMBLY  
2013 REGULAR SESSION  
DAILY  
HOUSE CLIP SHEET**

APRIL 5, 2013

**HOUSE FILE 120**

**H-1249**

1 Amend House File 120 as follows:  
2 1. Page 1, by striking lines 1 through 7.  
3 2. Title page, by striking lines 1 through 4 and  
4 inserting <An Act relating to the administration of  
5 the judicial branch including provisions pertaining to  
6 shorthand reporters and the practice of law, and making  
7 appropriations.>

**By** HESS of Clay

**H-1249** FILED APRIL 4, 2013

HOUSE FILE 557

H-1250

1 Amend House File 557 as follows:

2 1. By striking everything after the enacting clause  
3 and inserting:

4 Section 1. Section 702.11, subsection 2, Code 2013,  
5 is amended by adding the following new paragraph:

6 NEW PARAGRAPH. h. Removal of an officer's  
7 communication or control device in violation of section  
8 708.12, subsection 3, paragraph "f".

9 Sec. 2. NEW SECTION. 708.12 Removal of an  
10 officer's communication or control device.

11 1. As used in this section, "officer" means peace  
12 officer as defined in section 724.2A or a correctional  
13 officer.

14 2. A person who knowingly or intentionally removes  
15 or attempts to remove a communication device or any  
16 device used for control from the possession of an  
17 officer, when the officer is in the performance of any  
18 act which is within the scope of the lawful duty or  
19 authority of that officer and the person knew or should  
20 have known the individual to be an officer, commits the  
21 offense of removal of an officer's communication or  
22 control device.

23 3. a. A person who removes or attempts to remove  
24 an officer's communication or control device is guilty  
25 of a simple misdemeanor.

26 b. A person who knowingly or intentionally removes  
27 or attempts to remove a communication or control device  
28 from the possession of an officer with the intent to  
29 interfere with the communications or duties of the  
30 officer, is guilty of a serious misdemeanor.

31 c. If a violation of paragraph "a" results in  
32 bodily injury to the officer the person is guilty of a  
33 serious misdemeanor.

34 d. If a violation of paragraph "a" results in  
35 serious injury to the officer the person is guilty of  
36 an aggravated misdemeanor.

37 e. If a violation of paragraph "a" occurs and the  
38 person knowingly or intentionally causes bodily injury  
39 to the officer the person is guilty of an aggravated  
40 misdemeanor.

41 f. If a violation of paragraph "a" occurs and the  
42 person knowingly or intentionally causes serious injury  
43 to the officer the person is guilty of a class "D"  
44 felony.

45 Sec. 3. Section 719.1, subsections 1 and 2, Code  
46 2013, are amended to read as follows:

47 1. a. A person who knowingly resists or obstructs  
48 anyone known by the person to be a peace officer,  
49 emergency medical care provider under chapter 147A,  
50 or fire fighter, whether paid or volunteer, in the

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1 performance of any act which is within the scope of the  
2 lawful duty or authority of that officer, emergency  
3 medical care provider under chapter 147A, or fire  
4 fighter, whether paid or volunteer, or who knowingly  
5 resists or obstructs the service or execution by any  
6 authorized person of any civil or criminal process or  
7 order of any court, commits a simple misdemeanor. In  
8 addition to any other penalties, the punishment imposed  
9 for a violation of this subsection shall include  
10 assessment of a fine of not less than two hundred fifty  
11 dollars. ~~However, if~~

12 b. If a person commits interference with official  
13 acts, as defined in this subsection, which results  
14 in bodily injury, the person commits a serious  
15 misdemeanor.

16 c. If a person commits interference with official  
17 acts, as defined in this subsection, which results  
18 in serious injury, the person commits an aggravated  
19 misdemeanor.

20 d. If a person commits an interference with  
21 official acts, as defined in this subsection, and in so  
22 doing inflicts bodily injury other than serious injury,  
23 that person commits an aggravated misdemeanor.

24 e. If a person commits an interference with  
25 official acts, as defined in this subsection, and in so  
26 doing inflicts or attempts to inflict serious injury,  
27 or displays a dangerous weapon, as defined in section  
28 702.7, or is armed with a firearm, that person commits  
29 a class "D" felony.

30 2. a. A person under the custody, control, or  
31 supervision of the department of corrections who  
32 knowingly resists, obstructs, or interferes with a  
33 correctional officer, agent, employee, or contractor,  
34 whether paid or volunteer, in the performance of  
35 the person's official duties, commits a serious  
36 misdemeanor.

37 b. If a person violates this subsection and in so  
38 doing commits an assault, as defined in section 708.1,  
39 the person commits an aggravated misdemeanor.

40 c. If a person violates this subsection and the  
41 violation results in bodily injury to another, the  
42 person commits an aggravated misdemeanor.

43 d. If a person violates this subsection and the  
44 violation results in serious injury to another, the  
45 person commits a class "D" felony.

46 e. If a person violates this subsection and in so  
47 doing inflicts or attempts to inflict bodily injury  
48 other than serious injury to another, displays a  
49 dangerous weapon, as defined in section 702.7, or is  
50 armed with a firearm, the person commits a class "D"

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1 felony.

2 f. If a person violates this subsection and uses  
3 or attempts to use a dangerous weapon, as defined in  
4 section 702.7, or inflicts serious injury to another,  
5 the person commits a class "C" felony.

6 2. Title page, by striking lines 1 through 4 and  
7 inserting <An Act relating to removing or attempting  
8 to remove a communication or control device from  
9 the possession of a peace officer or correctional  
10 officer, interference with official acts, and providing  
11 penalties.>

By WORTHAN of Buena Vista

**H-1250** FILED APRIL 4, 2013

**SENATE FILE 296**

**H-1253**

1 Amend Senate File 296, as amended, passed, and  
2 reprinted by the Senate, as follows:

3 1. By striking everything after the enacting clause  
4 and inserting:

5 <Section 1. HEALTH CARE DELIVERY -- INTENT. It is  
6 the intent of the general assembly that health care  
7 delivery in the state result in improved patient health  
8 outcomes, improved patient care, and reduced cost.  
9 It is the intent of the general assembly that such  
10 health care delivery provide for the replacement of the  
11 IowaCare program.>

12 2. Title page, line 1, by striking <integrated care  
13 models for>

14 3. Title page, by striking lines 2 through 5 and  
15 inserting <of health care in the state.>

COMMITTEE ON APPROPRIATIONS

SODERBERG of Plymouth, Chairperson

**H-1253** FILED APRIL 4, 2013

**SENATE FILE 338**

**H-1252**

1 Amend Senate File 338, as passed by the Senate, as  
2 follows:

3 1. Page 1, by striking lines 12 through 16 and  
4 inserting <district shall implement a consistent policy  
5 to follow the same procedure for each school employee  
6 employed by the school district on or after July  
7 1, 2013, at least every five years after the school  
8 employee's date of hire. A school district shall not  
9 charge>

By HESS of Clay

**H-1252** FILED APRIL 4, 2013

SENATE FILE 406

H-1251

1 Amend Senate File 406, as passed by the Senate, as  
2 follows:  
3 1. Page 1, by striking lines 3 through 9 and  
4 inserting:  
5 <Sec. \_\_\_\_\_. NEW SECTION. 10A.901 Definitions.  
6 As used in this article, unless the context  
7 otherwise requires:  
8 1. "Administrator" means the person coordinating  
9 the administration of this division.  
10 2. "Division" means the mental health advocate  
11 division of the department of inspections and appeals.>  
12 2. Page 1, line 10, by striking <216A.172> and  
13 inserting <10A.902>  
14 3. Page 1, line 11, by striking <office's> and  
15 inserting <division's>  
16 4. Page 1, line 16, by striking <office> and  
17 inserting <division>  
18 5. Page 1, line 17, after <advocate.> by inserting  
19 <A mental health advocate employed by a county as of  
20 June 30, 2013, shall be deemed to be qualified.>  
21 6. Page 1, line 22, by striking <or nursing> and  
22 inserting <nursing, or psychology,>  
23 7. Page 1, line 27, by striking <office> and  
24 inserting <division>  
25 8. Page 1, line 29, after <advocates.> by inserting  
26 <The procedures for filling a vacant mental health  
27 advocate position assigned to a geographic area shall  
28 require the individual filling the vacancy to reside  
29 within the assigned geographic area.>  
30 9. Page 2, line 4, by striking <human rights> and  
31 inserting <inspections and appeals>  
32 10. Page 2, line 10, by striking <human rights> and  
33 inserting <inspections and appeals>  
34 11. Page 2, line 25, by striking <human rights> and  
35 inserting <inspections and appeals>  
36 12. Page 3, by striking lines 13 through 15 and  
37 inserting <minor's objections, the juvenile court shall  
38 notify the department of inspections and appeals and  
39 the department shall appoint an individual to act as an  
40 the mental>  
41 13. Page 3, lines 23 and 24, by striking <office of  
42 the>  
43 14. Page 3, lines 25 and 26, by striking <human  
44 rights> and inserting <inspections and appeals>  
45 15. Page 4, line 3, by striking <human rights> and  
46 inserting <inspections and appeals>  
47 16. Page 5, by striking lines 21 through 23 and  
48 inserting <advocate. For the purposes of this section,  
49 "division" means the mental health advocate division of  
50 the department of inspections and appeals.>

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1 17. Page 6, line 11, by striking <office> and  
2 inserting <division>  
3 18. Page 6, line 12, by striking <office> and  
4 inserting <division>  
5 19. Page 7, line 8, by striking <office> and  
6 inserting <division>  
7 20. Page 7, line 10, by striking <office> and  
8 inserting <division>  
9 21. Page 7, line 11, by striking <office> and  
10 inserting <division>  
11 22. Page 7, line 32, by striking <office> and  
12 inserting <division>  
13 23. Page 7, line 34, by striking <216A.172> and  
14 inserting <10A.902>  
15 24. Page 8, line 10, by striking <office> and  
16 inserting <division>  
17 25. Page 8, by striking lines 32 through 35 and  
18 inserting:  
19 <1. The full-time or part-time county employees  
20 paid for mental health advocate services under section  
21 229.19 immediately prior to July 1, 2014, shall be  
22 appointed as mental health advocates pursuant to  
23 section 10A.902 and shall become employees>  
24 26. Page 9, line 1, by striking <human rights> and  
25 inserting <inspections and appeals>  
26 27. Page 9, line 4, by striking <salaries>  
27 28. Page 9, line 31, by striking <full-time>  
28 29. Page 9, line 32, by striking <full-time>  
29 30. Page 10, line 12, by striking <human rights>  
30 and inserting <inspections and appeals>  
31 31. Page 10, line 24, by striking <full-time>  
32 32. Page 10, line 25, by striking <full-time>  
33 33. Title page, by striking lines 4 and 5 and  
34 inserting <of a mental health advocate division in the  
35 department of inspections and appeals and including  
36 effective date provisions.>

COMMITTEE ON JUDICIARY

BALTIMORE of Boone, Chairperson

# Fiscal Note

*Fiscal Services Division*



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**SF 384** – Law Enforcement Equipment Removal, Criminal Penalty (LSB 1927SV.1)

Analyst: Beth Lenstra (Phone: (515) 281-6301) ([beth.lenstra@legis.iowa.gov](mailto:beth.lenstra@legis.iowa.gov))

Fiscal Note Version – As amended and passed by the Senate

Requested by Bob M. Kressig

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## **Description**

**Senate File 384** as amended and passed by the Senate creates a new offense, removal of an officer's communication or control device, and provides a graduated system of penalties for the offense. This Bill also designates lesser penalties for the crime of interference with official acts for actions that result in bodily injury compared to those that result in serious injury.

## **Background**

### **Correctional and Fiscal Information**

- The new offense, removal of an officer's communication or control device, defines "officer" as a correctional officer or a person with a professional permit to carry a weapon. The correctional and fiscal impact cannot be estimated due to a lack of data. This Bill provides penalties ranging from a simple misdemeanor to a Class "D" nonforcible felony, depending on the circumstances of the crime.
- Current law provides for a graduated system of penalties for interference with official acts, ranging from a simple misdemeanor to a Class "C" felony depending on the circumstances of the crime.
- According to the Justice Data Warehouse, in FY 2012 there was one charge for Class "C" felony and one charge for Class "D" felony interference with official acts involving injury that resulted in a conviction not-as-charged.
- During FY 2012, there were 59 charges for aggravated misdemeanor interference with official acts involving injury that resulted in convictions not-as-charged. Of these, 57 resulted in simple misdemeanor convictions for interference with official acts (without injury).
- Offenders convicted of a simple misdemeanor offense are not supervised in Iowa's corrections system. They usually are sentenced to a financial penalty or community service, or some combination thereof.
- The impact on the judicial branch operating budget is the case cost difference of a simple misdemeanor (\$28) and a serious misdemeanor (\$209).
- The impact on the indigent defense budget is the case cost difference between a simple misdemeanor (\$300) and a serious misdemeanor (\$600).
- According to the Justice Data Warehouse, the Criminal and Juvenile Justice Planning Division (CJJPD), and the Department of Corrections, the following are estimates for sentencing, length of stay for a serious misdemeanor, and costs for interference with official acts:

### Criminal Justice System Information

Conviction Offense Class	Percent Sentenced to Probation	Avg Length of Stay on Probation	Average Cost per Day for Prob/Parole	Percent Sentenced to County Jail	Avg Length of Stay in County Jail	Marginal Cost Per Day
Serious Misdemeanor	28.6%	12.5 months	\$3.66	57.1%	28 days	\$15.00

The sentencing percentage is 85.7% (combined probation and jail sentences). Approximately 14.3% of offenders convicted of this serious misdemeanor will receive a sentence other than probation or county jail incarceration, such as a financial penalty and/or community service.

### Minority Data Information

The table below shows the FY 2012 offender-based convictions for interference with official acts, according to the Iowa Court Information System (ICIS). Minority offenders are disproportionately convicted compared to their percentage of the Iowa population.

#### FY 2012 Convictions for Interference With Official Acts

Conviction Offense Class	Percent White	Percent Black	Percent Hispanic	Percent Native American	Percent Asian	Percent Other or Unknown
Simple Misd.	65.0%	27.2%	5.3%	0.9%	0.8%	0.8%
Serious Misd.	58.3%	41.7%	0.0%	0.0%	0.0%	0.0%
Aggravated Misd.	59.9%	33.6%	5.3%	0.7%	0.0%	0.5%
Total Convictions	64.6%	27.6%	5.2%	0.9%	0.9%	0.8%

The minority impact of the new offense, removal of an officer's communication or control device, cannot be estimated due to a lack of data. Refer to the Legislative Services Agency (LSA) memo addressed to the General Assembly, [Minority Impact Memo](#), dated February 11, 2013, for information related to minorities in the criminal justice system.

### Assumptions

#### Correctional and Fiscal Information:

- The new offense limits the definition of "officer." Also, the crime may be similar to the crime of disarming or attempting to disarm a peace officer of a dangerous weapon as defined in [Iowa Code section 708.13\(2\)](#). If so, there were five convictions for that offense in FY 2012. Therefore, there may be few convictions for the new offense of removal of an officer's communication or control device.
- Refer to the [Correctional Impact Memo](#), dated February 11, 2013, for information related to costs by crime class. The memo provides a range of costs based on actual costs and length of stay plus certain assumptions. A range of costs is provided for nonviolent crimes. The new crime created in this Bill may be at the higher end of the range because it may be considered a violent crime (against a person) rather than a nonviolent crime.
- In relation to the Bill's provisions regarding interference with official acts, charge, conviction, and sentencing patterns and trends will not change over the projection period.
- Prisoner length of stay, revocation rates, plea bargaining, and other criminal justice policies and practices will not change over the projection period for the crime of interference with official acts.



- This law will become effective July 1, 2013. A lag effect of six months is assumed from the effective date of the Bill to the date of first entry of affected offenders into the correctional system for the crime of interference with official acts.
- Under this Bill, more aggravated misdemeanor charges will result in serious misdemeanor convictions. Approximately half of the offenders currently being convicted of a simple misdemeanor will be convicted of a serious misdemeanor under this Bill's provisions.
- These will be bench trials and 50.0% of the offenders convicted will be indigent.
- There will be increases in county jail sentences for serious misdemeanor convictions.
- Marginal costs for county jails cannot be determined due to a lack of data. For purposes of this analysis, the marginal cost for county jail is assumed to be \$15.00 per day.

#### **Minority Data Information:**

- The minority impact of the new crime cannot be estimated due to a lack of data. The crime may be similar to the crime of disarming or attempting to disarm a peace officer of a dangerous weapon as defined in [Iowa Code section 708.13\(2\)](#). If so, then 40.0% of the FY 2012 convicted offenders were Black and 60.0% were White. There may be a minority impact associated with the new crime created in this Bill.
- The impact on minorities for the change to interference with official acts will remain consistent with current data.

### **Summary of Impacts**

#### **Correctional Impact**

There will be an estimated 28 offenders annually convicted of a serious misdemeanor under this Bill that are convicted of a simple misdemeanor under current law for the crime of interference with official acts. Net admissions to the correctional system are indicated in the following table. Data in the table does not include the correctional impact of the new offense, removal of an officer's communication or control device.

**Net Admissions to the Correctional System**

	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>
County Jail	5	11	11	11	11
Probation	4	8	8	8	8
Total	<u>9</u>	<u>19</u>	<u>19</u>	<u>19</u>	<u>19</u>

The table above shows the net admissions — it does not reflect offenders admitted to the correctional system under current law (estimated to be five offenders annually). An estimated four offenders annually convicted of this serious misdemeanor will receive a sentence other than probation supervision by Community-Based Corrections (CBC) or county jail incarceration, such as a financial penalty and/or community service. The impact on the probation population is expected to be minimal, trending slightly upward over the five-year projection period because the length of stay under supervision exceeds one year.

To the extent that the new crime, removal of an officer's communication or control device, results in new convictions, the correctional impact is understated in this fiscal note.

#### **Minority Impact**

It is expected this Bill will have a disproportionate impact on minorities because approximately 34.2% of offenders convicted under the Bill's provisions related to interference with official acts may be minorities. Under current law, these simple misdemeanor offenders are not supervised in the corrections system. This Bill shifts simple misdemeanor convictions to serious

misdemeanor convictions. There will be a minimal increase (estimated to be four offenders annually) in the number of minority offenders supervised in the correctional system (either probation or county jail incarceration).

To the extent that the new crime, removal of an officer's communication or control device, results in new convictions, the minority impact may be understated in this fiscal note.

### **Fiscal Impact**

The fiscal impact for the Bill's provisions related to interference with official acts is estimated to be an increased cost to the State General Fund of \$7,200 in FY 2014 and \$25,300 in FY 2015. County jail costs are estimated to increase by \$2,100 in FY 2014 and \$4,300 in FY 2015. The costs of the new offense, removal of an officer's communication or control device, cannot be estimated.

The table below shows the impact by areas within the criminal justice system for the Bill's provisions related to interference with official acts. Costs will continue to slowly increase in future fiscal years because the length of stay in the corrections system (probation) exceeds one year.

**Fiscal Impact by Funding Source**

	FY 2014			FY 2015		
	County Budgets	General Fund	Total	County Budgets	General Fund	Total
County Jail	\$ 2,100	\$ 0	\$ 2,100	\$ 4,300	\$ 0	\$ 4,300
CBC - Probation	0	2,600	2,600	0	16,000	16,000
Judicial Branch	0	2,500	2,500		5,100	5,100
Indigent Defense	0	2,100	2,100		4,200	4,200
Total	<u>\$ 2,100</u>	<u>\$ 7,200</u>	<u>\$ 9,300</u>	<u>\$ 4,300</u>	<u>\$ 25,300</u>	<u>\$ 29,600</u>

The fiscal impact to the judicial branch, indigent defense, and county budgets reflect the increased cost for serious misdemeanor cases, minus the costs for simple misdemeanor cases, for the Bill's provisions related to interference with official acts.

To the extent that the new crime, removal of an officer's communication or control device, results in new convictions, the fiscal impact is understated in this fiscal note.

### **Sources**

Department of Human Rights, Criminal and Juvenile Justice Planning Division  
Department of Corrections  
Office of the State Public Defender  
State Court Administrator's Office

/s/ Holly M. Lyons

April 3, 2013

The fiscal note for this bill was prepared pursuant to [Joint Rule 17](#) and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.

# Fiscal Note

*Fiscal Services Division*



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**HF 552** – Sex Offender Placement in Elder Care Facilities (LSB 1370HV)  
Analyst: Dwayne Ferguson (Phone: (515) 281-6561) ([dwayne.ferguson@legis.iowa.gov](mailto:dwayne.ferguson@legis.iowa.gov))  
Fiscal Note Version – New

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## **Description**

**House File 552** deals with the placement, release, notice, and safety procedures for care facilities for persons required to register as sex offenders. The clerk of a committing court must notify the Department of Inspections and Appeals (DIA) and the admitting facility of commitment of a registered sex offender to a nursing home, residential care facility (RCF) or assisted living program that agrees to the commitment. The care facility is required to check the sex offender registry to determine if new admissions are registered sex offenders. Notice of the admission of a sex offender must be provided to residents of the facility, next of kin of residents or emergency contact, employees, visitors, and the local sheriff. The sheriff must notify local law enforcement agencies. The facility must develop a written safety plan. The notification and safety plan requirements are contingent on commencement of operation of a state or designated private facility offering placement for sex offenders. The DIA is to develop administrative rules. Persons civilly committed to the Department of Human Services (DHS) as sexually violent predators cannot be released to a private care facility. After commencing operation of a state or contracted private facility, the DHS is required to find placement for sex offenders required to register and released sexual predators that require medical or personal care provided by a nursing facility, residential care facility, or assisted living program but cannot access the care because of being on the sex offender registry. The DHS has 10 business days to find placement after being notified that placement is needed. Facilities with current residents required to register as sex offenders may transfer them to the state or designated private facility or implement the notice and safety plans.

This Bill establishes two workgroups – one is a task force to address problems of ensuring an adequate workforce to serve this population, and the second is a committee to examine facility options and responsibilities of those required to give notice. The workgroups are to design a program to replace the one originally developed by the DHS, and it will begin operations by December 31, 2014.

## **Assumptions**

- The DHS has two options. It can develop and operate a facility providing nursing care and residential care facilities, or it can contract with a private organization to provide the services.
- There are currently 11 registered sex offenders in nursing homes and 32 in residential care facilities. Over the next two years, the Department of Corrections (DOC) will release 19 registered sex offenders requiring nursing home care and 58 requiring a residential care facility. It is assumed half will be released in FY 2014 and half in FY 2015.
- A private facility can contract to provide nursing level services for \$300 per day and residential care services for \$123 per day.

- A facility operated by the DHS or contracted with will be operational by December 2014. A DHS operated facility will have 26 nursing beds and 76 RCF beds in FY 2014. These will increase to 30 and 90 beds respectively in FY 2015.
- The Clarinda Mental Health Institute Gero-Psychiatric Program served as the cost model for operating the proposed DHS facility.
- Salary costs for a DHS facility are based on the current state pay scale.
- Medicaid will pay 58.4% of the nursing home facility costs. All of the nursing home residents will be eligible for Medicaid.
- Some RCF residents will pay a portion of their costs through Social Security or other resources.
- Medicaid reimbursements and payments by residents (self-payment) from Social Security and other sources were estimated by the DHS from current trends for the DHS institutions and facilities and other available data. It is assumed the same amount of self-payments will offset costs for private sector contracted services as for a DHS facility.
- The DOC and the Judicial Branch will incur some costs for notifications and communications with the DHS and care facilities. These costs will not be significant and will be absorbed as an ongoing operation expense.
- The DIA will not experience a significant change in inspection costs, and will absorb the study committee costs.
- The annual cost for a workgroup or study committee is approximately \$5,000 per year but can vary depending on the size of the group and number of meetings.
- Nursing homes, residential care facilities, and assisted living facilities will experience some additional costs for the required notifications and safety planning, but they will transfer or refuse to admit registered sex offenders if the costs become significant.
- The number of registered sex offenders needing care in one of these facilities will increase as the sex offender population ages and the number under special sentence supervision increases.
- The chosen option will sunset on December 31, 2014, and will be replaced by the final solution developed by the workgroups. This cost is not estimated here, since the parameters are unknown.

### **Fiscal Impact**

A private sector option and a DHS institutional option are presented. The selected option will operate for seven months in FY 2014 and six months in FY 2015 when the final solution created by the workgroups takes over.

Care Facility Options: The following table shows the estimated costs for the DHS for the option of contracting with a private facility to provide services for registered sex offenders and sexual predators.

Option of Contracting with a Private Sector Organization						
FY 2014 (7 months)						
	Clients	Cost per Day	Total Cost	Medicaid Covered	Self-Pay	State Cost
Nursing Facility	21	\$ 300	\$ 1,341,375	\$ 782,692	\$ 0	\$ 558,683
Residential Care Facility	61	123	1,597,514	0	324,703	1,272,811
Total	82		\$ 2,938,889	\$ 782,692	\$ 324,703	\$ 1,831,493
FY 2015 (6 months)						
	Clients	Cost per Day	Total Cost	Medicaid Covered	Self-Pay	State Cost
Nursing Facility	30	\$ 300	\$ 1,642,500	\$ 958,399	\$ 0	\$ 684,101
Residential Care Facility	90	123	2,020,275	0	410,625	1,609,650
Total	120		\$ 3,662,775	\$ 958,399	\$ 410,625	\$ 2,293,751

The following table shows the costs for the option of the DHS providing services to registered sex offenders and sexual predators.

Option of a Department of Human Services Facility		
	FY 2014 (7 months)	FY 2015 (6 months)
Construction	\$ 1,000,000	\$ 0
Furniture & Equipment		
Nursing Facility	500,000	0
Residential Care Facility	510,800	0
Total Infrastructure	2,010,800	0
Salaries		
Nursing Facility	2,671,495	2,289,853
Residential Care Facility	2,817,253	2,414,789
Total Salaries	5,488,748	4,704,642
Support		
Nursing Facility	457,932	460,449
Residential Care Facility	1,338,572	1,351,152
Total Support	1,796,504	1,811,601
Recovered Costs		
Medicaid Covered	-1,826,021	-1,604,801
Self Pay	-324,703	-410,625
	-2,150,724	-2,015,426
Total State Cost	\$ 7,145,328	\$ 4,500,817

Funds will need to be appropriated to the Department of Administrative Services for either of these options.

Workgroups: The state agencies involved with the two work groups will absorb the costs of approximately \$10,000 within their normal operating budgets.

Other Activities: The DIA, DOC, and the Judicial Branch will incur some additional costs for the notifications, development of administrative rules, and related activities. These costs will not be significant and will be absorbed within their normal operating budgets.

### **Sources**

Department of Human Services  
Department of Corrections  
Department of Inspections and Appeals  
Judicial Branch

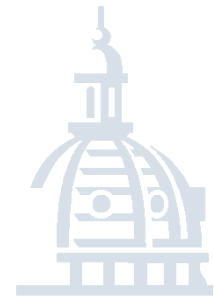
/s/ Holly M. Lyons

April 3, 2013

The fiscal note for this bill was prepared pursuant to [Joint Rule 17](#) and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.

# Fiscal Note

*Fiscal Services Division*



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**HF 620** – Economic Development Authority Tax Related Changes (LSB 1207HZ)

Analyst: Jeff Robinson (Phone: (515) 281-4614) ([jeff.robinson@legis.iowa.gov](mailto:jeff.robinson@legis.iowa.gov))

Fiscal Note Version – New

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## **Description**

**House File 620** relates to the operation of the Economic Development Authority (Authority).

The Bill:

- Allows the authority to assess, collect, and retain fees from businesses and individuals seeking and receiving financial assistance through the authority. The fee provisions of the Bill are effective on enactment and apply to agreements entered into on or after the effective date of this Bill. The new fee authority includes:
  - A fee for businesses and individuals that receive financial assistance from the Authority under [Iowa Code chapters 15](#) and [15E](#). The fee amount is to be determined by the authority based on the authority's cost of administering the programs.
  - A fee for use of the authority's Immigrant Investor Regional Center.
  - A fee of \$500 due prior to the issuance of tax incentives under the High Quality Jobs and Enterprise Zone programs.
  - A fee equal to 0.5% of the value of tax incentives claimed under any High Quality Jobs or Enterprise Zone agreement where the agreement has an aggregate incentive value of \$100,000 or more.
- Allocates to the City Development Board any fees collected by the board for applications and petitions submitted to the board. The board is to use the fees collected to reimburse the authority for the administrative expenses associated with board operations. Currently, if any fees are collected by the board, they are deposited to the State General Fund. This provision is effective in FY 2014.
- Increases the annual aggregate cap on the total dollar volume of tax credits that may be awarded under several authority tax credit programs from the current annual cap of \$120.0 million to a new cap of \$185.0 million. This provision is effective retroactively to include the FY 2013 cap.
- Permits tax credit awards that are declined by the receiving company within one fiscal year after the award is made to be reawarded to other companies without impacting that year's tax credit cap. This provision is effective retroactively to include FY 2013 awards.
- Alters annual tax credit cap allocations for the Qualifying Business and Community-Based Seed Capital Funds Investment Tax Credit (\$2.0 million per year) and the Innovation Fund Tax Credit (\$8.0 million per year). Current law requires the full amounts be allocated to these two programs. The change will allow a lesser amount to be allocated if the authority determines demand is not sufficient. The provisions are effective retroactively for FY 2013.
- Increases the cap on the annual amount of Endow Iowa Tax Credit ([Iowa Code section 15E.305](#)) awards that may be approved for a calendar year from the present level of \$4.5 million to a level of \$5.0 million. This change is effective retroactive to calendar year 2012. The Bill strikes a reference to an allocation of Gambling Tax receipts to the Endow Iowa Tax Credit.



- Allows the authority and a business eligible for financial assistance under specific State incentive programs to agree to divert withholding tax payments of the business's employees from the State General Fund and instead deposit the withholding tax to a fund controlled by the authority. The amount diverted is equal to 2.5% of the gross wages paid by the business to the employee where the employee holds a job that is covered by a job creation and/or retention agreement with the authority. The withholding tax diversion applies retroactively to Quality Jobs Program and Enterprise Zone agreements entered into on or after July 1, 2012.

### **Background**

The City Development Board is created in [Iowa Code section 368.9](#). The board receives, reviews, and approves or dismisses petitions and applications for city incorporation, discontinuance, or boundary adjustment submitted to the board by a city council, a county board of supervisors, a regional planning authority, or 5.0% of the registered voters of a city or territory involved in the proposal.

The authority provides office space and staff assistance to the board and the authority is required to budget funds to cover expenses of the board. The board receives legal assistance provided by the Attorney General. The board consists of five members appointed by the Governor subject to confirmation by the Senate.

The Endow Iowa Tax Credit is currently financed through a \$3.5 million annual maximum appropriation from the State General Fund, plus an additional amount tied to a percentage of gambling tax receipts equal to approximately \$1.0 million per year. Combining the General Fund appropriation and gambling tax calculation, the current annual level of funding for the credit is \$4.5 million per year. The Endow Iowa Tax Credit is not refundable, but any excess credit may be carried forward and used for up five additional tax years.

### **Assumptions**

1. With the annual aggregate tax credit cap raised from its current level of \$120.0 million to \$185.0 million effective in FY 2013, the authority will approve projects in FY 2013 totaling \$185.0 million and will also award the full annual cap each succeeding fiscal year.
2. Based on a Department of Revenue analysis of the redemption of tax credits under previous awards, each fiscal year's additional \$65.0 million in tax credits will be redeemed over a 13-year period and the redemptions will total \$30.6 million (47.0% of the amount initially awarded and counted against the aggregate cap). Actual tax credit redemptions will not total the full \$65.0 million awarded due to:
  - Awards that are later declined.
  - Companies not meeting the requirements of the agreements, resulting in reduced tax credits earned.
  - Companies with insufficient tax liability to fully utilize the tax credits awarded.
3. The provision that allows the authority to reaward tax credits that are declined before the end of the following fiscal year will result in an additional increase in annual awards of \$25.0 million, beginning in FY 2014. Redemptions of each additional year of annual awards will equal \$11.8 million over a 13-year period (47.0% of the amount awarded). This provision will first allow declined tax credits to be awarded again in FY 2014.
4. The withholding diversion estimate uses the following assumptions:
  - a. The diversion will apply to 814 retained jobs and 1,993 new jobs each year.
  - b. The average salary threshold under the Enterprise Zone program is estimated to be \$28,157 and the average salary threshold for the High Quality Jobs program is \$37,542. Both qualifying averages are assumed to increase 2.83% per year.

- c. The 2.5% diversion applies to the actual wages paid, while the estimate is based on the minimum qualifying wage. This will cause the projection to be somewhat underestimated.
  - d. The projection is based on all jobs being subject to the full 2.5% diversion. Job training and pilot project withholding agreements will be in effect for some of the jobs subject to the new diversion, so the full 2.5% diversion may not be available in all instances. This will cause the projection to be somewhat overestimated.
  - e. Diversion in FY 2013 will apply only to retain jobs.
  - f. Diversions will occur for the length of the contract and the length of contracts is assumed to be 10 years.
5. Fee projection assumptions:
- a. Based on assumptions one through three above, the authority will award \$185.0 million in tax credits for FY 2013 and \$205.0 million for future fiscal years. The fee assumption is based on the same 13-year pattern of award redemption and the assumption that 47.0% of awards are actually redeemed. The estimate includes an assumed \$30,000 each year, beginning in FY 2014, for the \$500 financial assistance fee, the [Iowa Code chapters 15](#) and [15E](#) assistance fee and the Immigrant Investor Regional Center fee.
  - b. The City Development Board operation costs equal approximately \$60,000 per year. The fiscal impact assumes \$36,000 of that amount (60.0%) will be recovered each year through fees charged to local governments and others filing petitions and applications with the board.

### **Fiscal Impact**

[House File 620](#) has General Fund revenue impacts and it also increases fees charged and retained by the authority and the City Development Board.

Due to the length of time between tax credit award and tax credit redemption, and also due to the 10-year length of many financial assistance contracts that may be subject to withholding diversion, the revenue impacts of the bill take 14 fiscal years to reach full effect. The projected impact on net General Fund revenue is presented in **Table 1** and the projected fee revenue impact is presented in **Table 2**.



Table 1				
Net General Fund Revenue Impact of Aggregate Tax Credit Cap Changes - in Millions of Dollars				
	EDA Aggregate Tax Credit Changes	Endow Iowa Tax Credit Increase	Withholding Tax Diversion to EDA	Total Change in General Fund Revenue
FY 2013	\$ 0.0	\$ -0.3	\$ -0.6	\$ -0.9
FY 2014	-0.8	-0.6	-3.5	-4.9
FY 2015	-2.9	-0.6	-5.2	-8.7
FY 2016	-6.6	-0.5	-7.6	-14.7
FY 2017	-10.8	-0.5	-10.2	-21.5
FY 2018	-14.6	-0.5	-13.0	-28.1
FY 2019	-16.5	-0.5	-15.9	-32.9
FY 2020	-17.7	-0.5	-18.9	-37.1
FY 2021	-38.2	-0.5	-22.1	-60.8
FY 2022	-39.2	-0.5	-25.5	-65.2
FY 2023	-39.9	-0.5	-28.2	-68.6
FY 2024	-40.7	-0.5	-29.0	-70.2
FY 2025	-41.4	-0.5	-29.8	-71.7
FY 2026	-42.1	-0.5	-30.7	-73.3

Table 2				
Increased Economic Development Authority Fee Revenue				
	0.5% Tax Credit Redemption Fee	Other Financial Assistance Fees	City Development Board Fees	Fee Increase Total
FY 2014	\$ 26,000	\$ 30,000	\$ 36,000	\$ 92,000
FY 2015	52,000	30,000	36,000	118,000
FY 2016	127,000	30,000	36,000	193,000
FY 2017	223,000	30,000	36,000	289,000
FY 2018	322,000	30,000	36,000	388,000
FY 2019	391,000	30,000	36,000	457,000
FY 2020	436,000	30,000	36,000	502,000

**Sources**

Department of Revenue  
Economic Development Authority  
Legislative Services Agency analysis

/s/ Holly M. Lyons

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April 3, 2013

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The fiscal note for this bill was prepared pursuant to [Joint Rule 17](#) and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.

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